



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

FY-05-152

FOR IMMEDIATE RELEASE

FEBRUARY 28, 2005

NATURAL GAS RATES TO DROP FOR SOUTHERN MISSOURI GAS COMPANY CUSTOMERS

JEFFERSON CITY--To reflect estimated changes in the cost of natural gas for the remaining portion of the winter heating season, natural gas rates will drop for Southern Missouri Gas Company, L.P. customers under a filing reviewed and accepted by the Missouri Public Service Commission. This rate change will take effect on March 1, 2005.

A residential customer currently pays approximately 92 cents per Ccf (100 cubic feet of gas). Under this filing, the rate will drop to approximately 79 cents per Ccf, a decrease of approximately 13 cents per Ccf. Under this filing, natural gas rates for a typical residential customer will drop by approximately 2% in March.

Approximately 65% to 80% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. **The wholesale cost of natural gas** (the cost your local natural gas company must pay to its suppliers for natural gas) **is not regulated by the Missouri Public Service Commission.** The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for its customers.

Southern Missouri Gas Company serves approximately 7,250 natural gas customers in the Missouri counties of Wright, Texas, Webster, Howell and Douglas.